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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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State Department review
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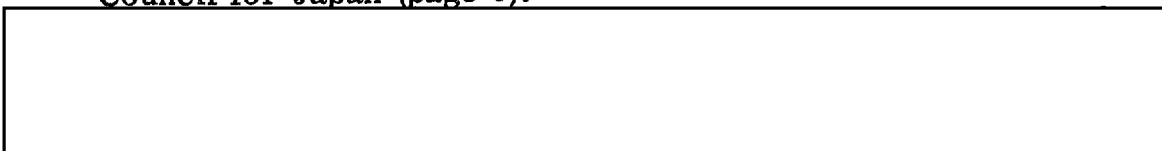
25X1

25X1A

SUMMARY

FAR EAST

1. Chinese Nationalists threaten to oppose termination of Allied Council for Japan (page 3).



25X1

EASTERN EUROPE

25X1

5. Trieste seen jeopardizing Tito's relations with West (page 5).

LATIN AMERICA

6. Czechoslovakia requests permission to establish a commercial office in Panama (page 6).

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25X1A



- 2 -

25X1A

25X1A

FAR EAST

1. Chinese Nationalists threaten to oppose termination of Allied Council for Japan:

25X1A

A representative of the Chinese Embassy in Washington has informed American officials that his government is considering opposing the dissolution of the Allied Council for Japan when the San Francisco peace treaty comes into force.

The Chinese official pointed out that the peace treaty negotiations between Japan and China have reached a stalemate, and his government believes that it will have "little leverage" to apply to Japan after the multilateral treaty becomes effective.

Comment: The Chinese Nationalists are unlikely to take this extreme action, and they have undoubtedly advanced this suggestion to reinforce their recent requests for United States intervention in the Sino-Japanese treaty talks.

Taipei is well aware that its proposed action would be favorable to the USSR, which is officially represented in Japan only through membership in the Allied Council.

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5. Trieste seen jeopardizing Tito's relations with West:

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The American Charge in Belgrade states that if developments with regard to Trieste continue to be unfavorable to Yugoslavia, the current campaign against the influences of Western culture may be intensified. In any event, he believes, the Trieste situation has aided Tito in his efforts to restore national unity under party leadership.

The Charge warns that Yugoslav relations with the United States and Italy may worsen as a consequence of the growing impression in Belgrade that the West may sacrifice Yugoslav interests in order to ensure continued Italian support for NATO.

Comment: Acquiescence in a greater Italian role in Trieste would run counter to the Yugoslav Government's policy of demonstrating its independence from foreign pressure and interference, as well as its contempt for the Tripartite Declaration of 1948.

The anti-Western aspect of the campaign to revitalize the Communist Party as a control mechanism is well illustrated by a report that Belgrade municipal authorities are warning the general populace, as well as party members, against using United States Information Center reading facilities.

- 5 -

25X1A

25X1A

LATIN AMERICA

6. Czechoslovakia requests permission to establish a commercial office in Panama:

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[REDACTED] The Czechoslovak Minister to Venezuela has asked the Panamanian Foreign Minister for permission to establish a commercial office. He assured the Foreign Minister that the office would not be headed by a Communist and that it would deal only with commercial affairs.

According to Ambassador Wiley, the Foreign Minister believes that he disposed of the question by replying that Panama would want a similar office in Prague.

Comment: A Czechoslovak commercial firm, Kotva, was established in Panama in 1948; it was used as a contact point by emissaries of the Czechoslovak Government passing through Panama. However, no connection between this establishment and the Panamanian Communists was noted at any time. Kotva was being closed out in late 1951 and was reportedly to be replaced by another Czechoslovak agency.

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